DOCUMENT RESUME

ED 306 624 CS 506 645

AUTHOR Jassem, Harvey C.
TITLE The Changing Economics of the "Old" Media.
PUB DATE May 89
NOTE 22p.; Paper presented at the Annual Meeting of the Eastern Communication Association (80th, Ocean City, MD, May 3-7, 1989).
PUB TYPE Speeches/Conference Papers (150) -- Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS *Advertising; Audience Response; *Consumer Economics; *Mass Media Use; Media Research; Media Selection; Programing (Broadcast); Technological Advancement
IDENTIFIERS Advertising Effectiveness; Media Analysis; Media Appraisal; Media Characteristics

ABSTRACT

This paper examines how the new communication technology is challenging the "old" media, which includes radio, television, newspapers, magazines, and motion picture. The paper first provides an operational functional description of each of these media. Next the paper suggests another way to look at existing media. The paper then describes and discusses advertiser-reliant media, subscriber-reliant media, and advertiser/subscriber reliant media. Changes in the media environment are listed, such as more media choices for the consumer, more payment mechanisms for various media outlets, greater specialization as selected by the user, changed content and incentives of existing media, and different media use patterns by all users which, in turn, will necessitate new tracking/measurement schemes. The paper concludes that the "old" media will continue to serve their audiences (both subscribers and advertisers) for the foreseeable future but that they will operate in an ever-changing environment, characterized by more competition and changing desires, opportunities, and experiences on the parts of all participants. Twenty-one notes are included. (MS)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED306624

THE CHANGING ECONOMICS OF THE "OLD" MEDIA

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY
Harvey Jassem
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Harvey C. Jassem

Associate Professor
Department of Communication
University of Hartford
West Hartford, CT 06117

Presented to the Mass Communication Division of the Eastern Communication Association annual conference, Ocean City, MD., May, 1989.

CS506645

"[B]roadcasters are concerned that the system under which they grew up and prospered - the American way of broadcasting. . .- may be endangered."[1]

THE CHANGING ECONOMICS OF THE "OLD" MEDIA

One of the more enjoyable aspects of living in the so-called "communication revolution" is wondering who's going to win. The entrenched Goliaths are facing lean and mean Davids on the battlefield of new communication technology where there are millions of minds, customers, and dollars at stake. Will the behemoth old-fashioned newspaper fold, only to be replaced by an electronic version that can't? Is "free television" destined to become an oxymoron? Is this the last of morning radio drive-time "personalities"?

If the visions of the communication revolution come true, and there are electronic newspapers widely available and audience members can program and select the audio/video content they care to attend, and there is an abundance of demassified media alternatives streaming into our homes, what is to become of the old media? Indeed, even if the "revolution" does not result in the massive displacement of media we have become accustomed to, how will the old media adopt to the new media environment? That is the focus of this paper.

The "old" media

Establishing a baseline description of American media systems involves arbitrary markers. For purposes of this paper, radio, television, newspapers, magazines, and motion picture industries will be considered as representing the "old" media. Fundamental to their inclusion, though, is an operational functional description of each. Although cable television is so often pointed to as one of the challengers to the existing media mix, it too will be included as a part of the "old" media. It has, in one form or another, been a part of American television for more than forty years.

Newspapers: There are approximately 1700 daily newspapers published and distributed in the United States, and another 7500 that appear less frequently. Nearly all of the newspapers are local in their primary distribution and have circulations of under 100,000.[2] For the most part, newspapers are primarily supported by advertising (which contributes approximately 70% of the paper's revenue) and secondarily by circulation sales to the readers (contributing approximately 30%). More than 80% of newspaper advertising is local, particularly the advertising found in the all important classified section. While the number of daily newspapers published in America fell dramatically in the 1960s, the decline has substantially leveled off as nearly all newspaper markets have been left with only a single local newspaper. Since the age of television, newspapers have reduced the number of different time-based editions they publish, and have increased the use of color, pictures, topic and soft-news features/sections. Additionally, national newspapers (such as USA Today) and national editions of what had been local newspapers (such as The New York Times) have become increasingly common. While newspaper readership has declined in recent years, most American households still receive a newspaper regularly. More than sixty million newspapers are sold daily in the U.S.[3]

The newspaper is no longer the source of the most current news and information. That former role has been taken by newer faster electronic media. The newspaper has become a source of greater depth for stories reported on by electronic media, and a repository of information that does not get reported by the electronic media (legal notices, more limited-interest items, features, games, ads in various forms [indexed and not], etc.). It is used at the reader's convenience in terms of time and place. While it has been challenged by the electronic media, the newspaper has retained its reliance on print, its use of paper as its primary medium, its portability, affordable consumer price, and the readers' ability to read only those parts of the newspaper he/she is interested in and in the order he/she wants.

Radio: As of March, 1989, there were 10,479 licensed radio stations broadcasting in the United States, 87% of which were commercial

stations.[4] Similar to the case with newspapers, most of radio's advertising revenue is in the form of local advertising.[5] Unlike newspapers, commercial radio relies entirely on advertising as its source of revenue. Radio, far from being edged out since the introduction of newer technologies, has grown dramatically. There is presently an average of more than two radio receivers for every resident of the United States, and time spent listening to radio has rebounded from the decline it took after the introduction of television to approximately three and one half hours per day per adult. Whereas in the pre-television days, most radio listening took place in the home, today, radio listenership is split between in and out of home. Radio programming has become more specialized with the proliferation of radio stations and radio receivers. The sources of that programming have shifted from a pre-television era of network dominance to a present heavy reliance on records supplied by record companies and a mix of syndicated and network programs. Commercial radio stations generally establish what they hope will be unique station sounds through the use of formats which specify content and stylistic configurations of the station. Formats are designed to appeal to particular audience segments, and while the audience changes somewhat through the different dayparts, the demographics of a successful station's audience are likely to remain fairly constant throughout the day. Listeners tend to identify with and generally listen to a small number of the many radio stations available to them locally.

Television: There exist 1,060 full power commercial broadcast television stations and 337 full power non-commercial broadcast television stations in the U.S.[6] Broadcast television is available to virtually all populated parts of the United States mainland and is received in nearly 100% of U.S. households. Broadcast television advertising revenue and programming have been dominated by national networks (ABC, CBS, and NBC) since television began in earnest in the early 1950s. Networks afforded a convenient way for very expensive programming costs be essentially be shared across a nationwide system of

local television station outlets, while at the same time, affording national companies an easy vehicle with which to reach a national audience with their advertising dollars. From its outset, television succeeded in attracting the attention of a substantial portion of Americans. Due to the configuration of television stations and television-quality interconnect cables, most television markets have had access to three or four television stations. Until recently, 90% of television's prime time evening audience could be counted on to be watching some combination of the three major television networks. That audience, however, tended not to be particularly loyal to any given station or network, although research showed that viewers were more likely to continue watching the station they were tuned to than they were to switch to another station at the conclusion of any given program. Non-network programming has consisted of off-network (rerun) or original syndicated programs and some local programs. Unlike radio, television is still used primarily in the home, although low cost portable television receivers are increasing in popularity. The most seen television programs are produced by production studios that sell their programs to the networks and to individual stations through the syndication route. The cost of programming has been rising steadily, as producers pay more to make their programs and as the number of interested buyers has increased. While pundits had once suggested that cable television would result in the demise of many local television broadcast stations, that seems not to have happened. Although it is not possible to know what the configuration of broadcast television stations would look like had cable television not proliferated as it did, there has been healthy growth in the number of broadcast television stations paralleling the growth of cable television.

Television stations can be categorized in numerous ways: network/independent, UHF/VHF, big market/small market. All commercial television stations, however, make money the same way: they attract audiences with programming and sell their audiences to advertisers. Most television broadcasters use fairly similar programming to attract shares of the audience. As a result, there is less viewer loyalty to particular television broadcast stations than there is with particular

radio stations, where programming differs more markedly between stations.

Cable television

Cable television began as community television serving white areas in the late 1940s. In its early phases, it did no more than provide nearby broadcast television signals to communities that could not receive them without this sort of augmentation. As mom and pop CATV systems merged to become more powerful entities, as technology improved allowing more video channels to be delivered via the coaxial cable, as regulation created an opportunity and some imperative for cable systems to deliver both "local," "distant," and non-broadcast video services, and as communication satellites made national distribution of video services feasible, cable television spread to more populated areas of the nation, increasingly serving customers who had the ability to receive some local television broadcast stations. Subscribers to the "basic" level of cable television pay for the ability to receive clear television broadcast signals (local and distant) as well as national and regional program services. In addition, nearly sixty percent of cable subscribers also subscribe to premium services, such as movie or sports services, for which they are charged something beyond the basic cable rate. The cable television system makes its revenue from viewer subscription revenues and, to a small extent, advertising inserted during local availabilities of cable "networks." Most of the services offered on basic cable make their revenue from advertising and (in the case of non-local broadcasters) per-subscriber fees they charge cable companies for carriage rights. Premium services make most of their revenues from the fees charged subscribers.

Another way to look at existing media

As is often the case, the same things mean different things to different people. Hence, the television viewer may consider him/herself the consumer of television, while the television station sees the viewers as the products to be sold to the advertisers. In describing the current

state of media, it is important to discuss the markets in which various media find themselves. Media compete for attention and dollars. All media must have audience attention in order to be financially viable. For without an audience, there would be neither subscribers nor advertisers.

Advertiser-supported media compete for audience and advertisers. While the limits on both seem soft, it is clear that media competition and greater diversity affects the ability of any particular media outlet to attract audience and/or advertisers.

Advertiser-Reliant media
- Broadcast TV
- Broadcast radio

Advertiser/subscriber reliant media
- newspapers
- magazines
- cable TV networks
- cable TV systems

Subscriber-reliant media
- magazines (some)
- premium cable networks
- VCR
- theaters

To the extent that media impinge on the time audience members give to another media outlet, that media outlet will be affected more or less seriously depending on its economic support system. Audience attention or time lost by a media outlet is likely to have more substantial impact on that medium if it is fully or partially advertiser-reliant, since subscriber-reliant media generate the same revenue once the decision to buy has been made, regardless of the time or attention given it by the audience members. Of course, should the subscriber be less interested in the particular outlet, he/she may be less willing to make the incremental decision to "buy" that exposure in the first place. At that point, of course, the financial repercussions to the medium are significant.

Advertiser-Reliant media: Advertiser-reliant media may suffer as a result of smaller audiences, though there is not a direct and necessary correlation between audience size and revenue. For example, a smaller yet more attractive and more demographically homogeneous audience may have greater appeal to advertisers than the larger more heterogeneous audience. This is largely how the magazine industry survived the onslaught of national television which offered advertisers a more efficient means for reaching national audiences. Additionally, relative efficiency is an important concept in this regard. In other words, while broadcast television networks' audience share may be declining, the prices they charge for advertising may not, so long as they continue to provide the most effective means with which advertisers can reach a national audience.

Wirth and Bloch developed two models of commercial time, a "competitive" and an "oligopoly" model.[7] And although broadcasters (or any media outlet) will charge different rates depending on their competitive situation, what's clear is that the competitiveness of the market is largely determined by how one defines the market. The market for national simultaneous video distribution is still largely dominated by the three major broadcast networks. To the extent that that remains true, even though their share of the audience is decreasing, and to the extent that that is an attractive market for advertisers, the national broadcast networks will be able to charge advertising rates that are not particularly sensitive to audience size. Such oligopoly pricing power is not absolute. Webbink assumes that, to the extent that such pricing power exists now, it is already being exercised and that there is likely to be some (perhaps indirect) correlation between audience size and advertising rates charged even by oligopolies.[8] If this is the case, a reduction in audience will have some negative impact on the advertising rates networks can charge. Indications are that audience size is indeed an issue that the major broadcast networks must worry about. At the end of the 1988-1989 television season, the combined prime-time viewing audience for ABC, CBS and NBC, stood at just under 70%, the lowest season ever, and that despite a slight rise in the percentage of homes using television during prime time. The big winners in the shift

in audience were advertiser-supported cable services and the Fox broadcasting network. Indeed, Fox was number one on Sunday nights in delivering viewers 12-34. Thus, the big three networks were vulnerable to both cable and broadcast competition.[9] Interestingly, the "winning" competition was at least heavily reliant on advertiser support.

An important consideration here, even to the oligopolistic media, is the cost involved in their attaining oligopoly status. As competition for audience increases and as competition for programming increases, it may well turn out that advertising rates are supported but at the price of higher programming costs. Programming costs for what had been traditional network television fare have, in fact, soared in recent years. The recent Major League Baseball package is a good case in point. CBS has agreed to pay more than one billion dollars for the rights to show a dozen regular baseball games and the post-season games for four years. That represents a 25% cost increase over the previous network television - MLB arrangement. And the holders of the previous MLB network package (NBC and ABC) "are said to have lost money" on that deal.[10] Additionally, ESPN bought the largest-ever package of baseball games to show on its national cable TV outlet. CBS may profit from this programming, though it doesn't appear to be very likely. Rather, the baseball package seems to serve the functions attributed to it by NBA Commissioner David Stern: "It develops viewing patterns and increases audience . . ."[11] Presumably, the audience such expensive programming attracts will remain tuned to the station or network that offers such programming after the program is over, and will think of and sample that outlet on a more regular basis than might otherwise be the case. The first presumption (which is essentially the notion of "audience flow") is challenged as we move into a television environment characterized by more choice and remote controls (which make channel switching easier).

In assuming that the three major broadcast television networks will retain oligopoly pricing power for their ads, one must assume that their product (national audience) retains its uniquely attractive appeal to advertisers, that the number of interested advertisers does not

diminish, and that no new media forms emerge that can deliver a similar audience as or more efficiently.[12]

The broadcast television networks' somewhat oligopolistic pricing powers are likely to be of little relationship to local station's (affiliates or independents) advertising pricing abilities. Local stations rely more heavily on local and regional advertisers, and thus compete more directly with newspapers, magazines, other broadcasters, cable companies (who may insert local ads in a wide variety of programming), outdoor media, etc. Hence, while a network may be able to command an oligopoly-like premium for its ability to deliver a national audience, an affiliated station may not have similar powers to charge prices for its ads in the very same programs at what amounts to a premium. The affiliate, after all, can offer advertisers nothing more than a local audience. The market for local audiences is far more competitive than that for national audiences.

At the point where increased programming costs fail to be justifiable at either the direct or indirect levels, networks will have to turn to other options. Essentially, they will have to lower their costs, even if that means the possibility of smaller audiences and advertising rates. Or, they will have to enhance revenues in "new" ways. Presently (and predictably), the networks are campaigning for new financial syndication rules that would permit them to once have more of an ownership interest in the programs they air. Such ownership rights were largely curtailed when the networks had potentially abusive power in the television program marketplace. Now that their power seems to be on the wane, they have an audience for their proposals to loosen the restrictions on network program ownership/syndication. Ownership rights would help the networks in a few ways. They would be permitted to pay for programs in syndication rights as well as in cash, and they would reap some financial benefits from off-network syndication of programs they showcased on the networks. They might also be willing to help produce some programs that would get their initial screening in some other format (premium cable or video rentals, perhaps). Instead of the network being their business, they could be in the program production,

distribution, and exhibition business, with costs being spread out over their various functions and revenues streaming in from assorted operations.

To some degree, this is already happening as networks increasingly share ownership of cable "networks" and share programming with those outlets. ABC-produced programs are finding their way onto ABC's cousin, the Arts and Entertainment cable network. The same may happen with NBC and the new CNBC network.

In addition to program cost and ownership strategies, another concern relates to scheduling strategies. James Webster, who has written a good deal related to audiences and the new media has concluded that "in the case of advertiser-supported television, it has been a limitation in the number of channels that has predetermined the strategy of audience maximization."[13] His findings are not surprising. With more television competition, more alternatives offer themselves to consumers, and consumers take advantage of those alternatives. In a 1984 piece, Webster noted that the FCC's goal of fostering local television news by its allocation process was thwarted to some degree by increased television competition. While there is little television competition, local television stations tend to schedule their newscasts to run concurrently with other stations' newscasts. Yet, when alternatives to news exist (as is the case with more stations or cable availability), the audience tuned to the duplicative news programs shrinks.[14] As this shrinkage continues, we can expect broadcasters to react. Their options include somehow making their newscasts more attractive, making their newscasts less expensive to produce, rescheduling their newscasts, or replacing their newscasts with other programming. In an observation that applies both to local stations and networks, economist Gary Fournier[15] notes that any gains made in attracting larger audience shares resulting from increased expenditures on programming will likely be negated when competing firms respond in kind. In such cases, costs are likely to rise and profits decrease for all similarly acting competitors. He further notes the diminishing returns that can ordinarily be expected from increased programming expenditures,

particularly in light of the fact that the percentage of households using television seems to change little despite programming changes. Hence, an increase in the share of audience for one station is typically gained at the expense of another. This concern was borne out as early as 1982. Between 1978-1982, broadcast revenues grew in the US but broadcast profitability declined, largely due to higher programming costs.[16]

Clearly not all broadcast television stations are alike, and just as clearly, one cannot reasonably expect all broadcast television stations to be affected in the same way by heightened competition. In 1988, total day shares of broadcast network television declined from 59.6% to a year-end share of 56.3% and independent broadcast stations' shares declined during that same period from 16.1% to 14.9%. Interestingly, independent television stations operating as superstations (carried on many cable systems around the country) gained one share point during 1988.[17] Whatever individual differences exist in stations' ability to amass audience share, the trend for broadcast television's audience is unquestionably downward, and gains made by individual stations are likely to be both expensive and subject to erosion from other broadcasters as well as from the non-broadcast competition.

Advertiser/subscriber reliant media: As new media options appear, advertiser-reliant media are not the only ones likely to be affected. As the audience's attention is diverted from traditional media, the advertiser/subscriber media will also feel some effect. To the degree that audience is syphoned away and these media continue to operate in their traditional fashions, these media lose both potential advertising dollars and subscriber dollars. Nearly twenty years ago, McCombs suggested in his Theory of Relative Constancy that the amount of consumer expenditures on media was fairly fixed, "and as new media arise, this fixed level of economic support is fragmented."[18] There are options for success among these media however, as the success of the post-television magazine industry attests. Because they are supported by more than one kind of revenue flow, there are more strategy options. When it becomes advantageous, these outlets can attempt to shift the

burden of their economic support either more towards the advertiser or more towards the subscriber. The recent situation with MSG serves as a good example, regardless of MSG's eventual success or failure. MSG had been operating as a regional pay-cable sports network which also received advertiser support. It's attempt to strengthen its summertime programming line up with the addition of a multi-year significant package of New York Yankees games, for which it paid a reported half-billion dollars led it to seek to reposition itself as a basic rather than pay cable service. As a basic service, its potential audience would be much larger than it would be as a pay service. A larger audience should translate into higher advertising rates. Additionally, while the per-household fee it will receive from cable companies will be significantly lower as a basic service than it would be as a pay service, since it will receive a fee from every household on the affiliated c able systems, the overall subscriber-driven revenue flow should be substantially larger than it was when only MSG pay subscribers contributed to that flow. Regardless of whether MSG's programming gamble was marketed well or negotiated effectively or even ultimately succeeds, what is significant here is that as a medium capable of shaping its reliance on various economic support models, it could re-define itself in ways that would be unavailable to traditional broadcasters.

Some broadcasters who have been facing difficult financial times have turned to a mix of advertiser/audience support. The various shopping networks take the per-inquiry ad to its logical (illogical?) conclusion. These networks typically share their revenue, which is driven directly by purchases made through them by audience members, with the stations carrying their "programming." Programming and commercial become one. "Payment" for the "programercial" shifts more directly to the audience member.

The mixed support model seems more flexible and more able to successfully cope with changing media economics. Mixed-support need not refer solely to the mix of advertiser and subscribers. It may refer too to a mix in distribution. Media that have traditionally distributed

their information/entertainment in one medium, are finding new revenue sources by distributing the same information through other means. Theatrical film companies are now in the home video business as well as being in the television-programming and theatrical-release business. Some newspapers are also selling their news via electronic data bases. The Hartford Courant recently began selling a modified version of its newspaper which it calls its "FaxPaper". The "FaxPaper" is delivered to customers by fax machine the afternoon before the standard-format newspaper is published.

Not dissimilar to that shift in economic support is the increasing attention paid to advertising by cable television operators. Cable penetration growth has slowed in recent years. As American households become saturated with cable TV, cable operators will look to additional means for generating revenue. Higher subscription charges (through any combination of various rate changes, pay-per-view, new auxiliary services, additional outlets, etc.) are sources of revenue. Others include advertising and facilities/system leasing. Now that cable television is in most US households, advertisers can seriously consider placing ads in cable programs. Programming decisions, that is, decisions regarding what programming sources to put on the cable, may be determined more in the future by the advertising sales potentials (including time availabilities) than by subscriber interest. Cable operators have been in the interesting position of having little economic stake in what programs subscribers watched (or even whether subscribers watched at all). As long as something about cable induced people to subscribe, the cable operator's interests were served. The shift in audience from one television outlet to another matters little to the cable operator, so long as the shift is among outlets available on the cable system. To the extent that new media competition may result in competition for audience time and money away from cable television, cable operators will have to adapt. Direct Broadcast Satellites, "wireless" cable, home video, and telephone-delivered information/entertainment may pose some "new" threats to cable, as might direct cable-to-cable overbuild competition. Cable's response will likely be to try to forestall competition through regulation, attempt to

"win" in the marketplace by offering a profitable mix of programming options, employ predatory pricing, and redefine themselves as the result of entry into new aspects of the media world.

Subscriber-reliant media: Any shift in audience attention, participation, and /or willingness to pay which results in changes in the media mix options, will directly affect subscriber-reliant media. Rational responses vary and could include changing the economic support system to something more hybrid than a pure subscriber-reliant model. For example, movie theaters may (as some have done on a limited basis) introduce advertisements between films as a secondary revenue source. Ads could also be (and have sometimes been) introduced into magazines, home video, and premium cable channels that have not used them. Recently, some videos have been underwritten by advertisers, and other videos have been purchased by "advertisers" to be distributed as premiums. For example, Pepsi's promotional tie-in with the film/video E.T. resulted in a five dollar reduction in the price of that video, and some of the largest "selling" videos are the sports videos "given away" as premiums by Sports Illustrated as incentives to subscribers.[19] Subscriber-reliant media that wish to stay that way must be particularly sensitive to meeting their subscribers' needs in ways subscribers are sufficiently satisfied with, and must too keep a keen eye out for ways to attract new audiences.

The trend seems to indicate that there may be a broadening availability of material and a heightened ability for consumers to select (and pay for) pieces of that available material. Electronic data bases make "libraries" available in the home. Users select (and pay for) just the particular items they want. Pay cable services have already begun offering additional channels through which content will be available on a pay-per view basis. Pre-recorded videotapes proliferate. There are more magazines (as well as their electronic equivalents) specializing in more things than ever. Movie theaters offer several screens (hence permitting the customer increased ability to make the choice of which movie to see). With the growing specialization that is offered, it is

important that those offering the specialization insulate themselves as best they can from small changes in the market that can have large implications when the market is so narrowly defined. The specialization I am describing here is the specialization of abundance. The "video store" operator can adjust to changing tastes more readily than the "Michael Jackson Video Store" operator can.

The elongation of the markets

It is nothing new for media operations to be both vertically and horizontally integrated. Early newsletters were written, printed, and retailed by the same person in some instances. The film industry was no stranger to such integration. That history continues. Today many major "film" companies own interests in television stations, they own many network-aired television programs, and many own or hold interests in cable television services and systems.[20] Broadcasters may have known less actual ownership integration as a result largely of the unique regulatory environment they operate in, but even they have taken advantage of economies that networking allows.

The various functionaries in the media businesses enjoy economies by integrating. They also enjoy the benefits of finding new customers as they reorganize. Information (the content of much media) is an odd commodity. Selling it and using it does not diminish it. Indeed, sometimes the more a particular bit of information is sold, the more valuable it becomes to later buyers. It just isn't like other commodities. Shoes and clothes produced in the 1950s have long since been disposed of. Some few examples may exist in dusty closets, second-hand stores, or museums. But for the most part, they are inaccessible, unwanted, unsightly, and not worth much. Meanwhile, television programs made in the 1950s can be seen on some of the new cable TV outlets, rented or bought on video tape, or may even be seen on foreign broadcast systems. News from that era can be bought all over again through data bases. The pool of usable (and saleable) information just keeps on growing as new information is produced and new ways of manipulating (including colorizing) old information are developed. With this comes changing incentives. An "information" (program, film, etc.)

producer/owner may hope that the first run of that product is available in a marketplace characterized by only limited competition, yet after the initial availability of that product, the owner will want to re-sell that information through all other means possible. Perhaps the clearest example of that involves theatrical film releases and television in its various forms. Network television used to be the second (and sometimes last) significant showcase for feature films. Not any more. Today a film is made and released to theaters. Its next stop is pay-per-view cable and/or video casettes. Next comes premium cable outlets, and then the major TV networks, followed by syndication to local broadcasters and perhaps other cable networks or superstations. In addition, foreign syndication (at any of these same levels) is too an important source of revenue. The role of network TV has changed from that of premiering a theatrical release on television, to premiering its "free" appearance on television. By necessity, the focus of the network's selling point to its audience shifts from being "first" to being "free." If the financial syndication rules prohibiting network ownership of most of their programming is rescinded or significantly changed, as now seems possible, the networks' interests in the development and display of programming will shift further.

The new media environment

The following changes in the media environment seem inevitable:

- more media choices for the consumer
- more payment mechanisms for various media outlets, including more opportunities for direct payments from both subscribers and advertisers
- greater specialization as selected by the user
- greater necessity (likely fulfilled) for indexing available material so that the consumer can successfully get through the media maze
- changed content and incentives of existing media
- new competitors for the audiences' time and money, the advertisers' time and money, and for media "product"/content
- different media use patterns by all users which, in turn, will necessitate new tracking/measurement schemes

Environmentally defined, there really isn't much in the way of the "old" media, if by "old" media, we mean media they way they used to be. The NBC television affiliate may still broadcast on the same television channel on which it has been broadcasting for the past forty years, and the newspaper may look much as it did for the last 100 years, but there is no question that the availability of other media options and the new ways available to consume all media, change at least some of the roles played by even the oldest media outlets. Hence, a discussion of the "old" media is, in a sense, misleading. But only in a sense. The surviving "old" media survived because they adapted well. Perhaps the safest assertion is that existing media will need to continue to change in order to continue surviving. But the changes need not be radical ones. Media history shows us that media forms do not die. The earliest forms of media: newsletters, newspapers, books, and perhaps murals, still exist as viable forms of mediated communication. But certainly not many of the specific media operations/companies still exist. So, it is still relevant to ask on both the macro/system level and the micro/company level, what will surviving media likely have to cope with and how may they successfully evolve from here.

It seems safe to assume that as the lines that divide and define media blur, ownership and financial structure will follow. The lines between "macro" and "micro" become more arbitrary. In the old days, media could much more easily be defined by their form. The technology came with descriptors that largely shaped the content and financing of the medium. That is less and less the case. Falling with the old definitions of the media are the once-standard norms and mores that accompanied control of certain media. Owners are increasingly multi-corporate holding companies whose histories do not reflect old media sensibilities. Merril Lynch analyst Hal Vogel recently commented on the blurring of the dividing lines in the entertainment business: "One side co-opts the other by buying it. . . . The enemy becomes your friend."[21] And "friends" keep "friends" solvent. They find "jobs" for them. Despite the "new" media's success, it is clear that the "old" media are still quite successful in attracting huge audiences. And so long as they're able to attract large audiences, new media realities will not destroy the

importance of the "old" media. As long as they have a good sized audience, there will be payment schemes that will operate to keep these popular media alive. It is in the best interest of multi-media corporations to keep all of the various levels of their media holdings viable. They, and the users who for their own reasons enjoy and value "old" media, will ensure the "survival" of those media in some form or another. Regardless of whether individual pieces of the media mix are dual-supported (advertiser/subscriber), the overall media mix of the near future will take advantage of all of the payment opportunities available, domestically and internationally.

In conclusion, the "old" media will continue to serve their audiences (both subscribers and advertisers) for the foreseeable future. They will be operating in an ever-changing environment, characterized by more competition and changing desires, opportunities, and experiences on the parts of all participants. Just how various media outlets will respond to the changes remains to be seen. Identical-looking media properties may have remarkably different economic incentives and rewards based on their place in different ownership structures. Yet, it seems safe to assume that while some "old" media outlets may move in the direction of specialization, the very nature of the old media makes them less suited to narrowcasting than some of the newer counterparts. Whatever specialization takes place with the old media, in general, they are likely to be less specialized than the alternatives. Their specialization will be to play a specific economic role for their owners mare than to present a particular type of content. It turns out that the entrenched "Goliaths" subsume the "Davids" or at least the Davids' functions. The old functions of attracting people who will pay for the information being offered or who can be offered for sale to advertisers who will pay for exposure to those people have not changed. The formula is too good to lose.

---

[1] "Making the case for free TV," Editorial, Broadcasting, April 24, 1989, p. 146.

[2] Don R. Pember, Mass Media in America, 5th ed. (Chicago: SRA, 1987), p. 51.

[3] Ibid. p. 376

[4] "By the Numbers," Broadcasting, March 13, 1989, p. 14.

[5] Sydney W. Head and Christopher H. Sterling, Broadcasting in America, 5th ed. (Boston: Houghton Mifflin, 1987), p. 227.

[6] "By the Numbers," Broadcasting, March 13, 1989, p. 14.

[7] Michael O. Wirth and Harry Bloch, "The Broadcasters: the Future Role of Local Stations and the Three Networks," in Video Media Competition: Regulation, Economics, and Technology, ed. Eli M. Noam, (NY: Columbia Univ. Press, 1985).

[8] Douglas W. Webbink, "Comment: Empirical Studies of Media Competition," in Video Media, ed. Noam, p. 172.

[9] "Three-network viewing falls below 70%," Broadcasting, April 17, 1989, pp. 29-30.

[10] "CBS's billion-dollar turn at bat," Broadcasting, Dec. 19, 1988, p. 35.

[11] ibid.

[12] Wirth and Bloch, p. 133.

[13] James G. Webster, "Audience Behavior in the new Media Environment," Journal of Communication 36 No.3 (986), pp. 80-81.

[14] James G. Webster, "Cable Television's Impact on Audience for Local News," Journalism Quarterly, 61, (1984), p. 419.

[15] Gary M. Fournier, "Nonprice Competition and the Dissipation of Rents from Television Regulation," Southern Economic Journal, 51, (1984-85), p.754.

[16] "Broadcaster's Show Profit Margin Drop," Broadcasting, Feb. 13, 1984, p. 210.

[17] Joe Terranova, "National Advertisers Ponder TV's Future at Workshop," Multichannel News, Feb. 13, 1989, p. 41.

---

[18] Gerald L. Grotta and Doug Newsom, "How Does Cable Television in the Home Relate to Other Media Use Patterns?" Journalism Quarterly 59 (Winter,1982), p. 588.

[19] David Bollier, ed., "The Future in Home Video for Niche Programming," Report of an Aspen Institute Conference, Fourm Report #9 (1988), p. 3.

[20] Eric Schatz, "'Cable is Here To Stay,' Tisch Grudgingly Admits," Multichannel News, April 17, 1989, p. 26.

[21] "Gulf+Western sets its sights on media empire," Broadcasting, April 17, 1989, p. 31.